

## PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited consolidated net profit after tax for the first half of 2001 amounted to HK\$4,212 million. Earnings per share were HK\$1.82.

## INTERIM DIVIDEND

The Directors have declared an interim dividend for 2001 of HK\$0.38 per share (HK\$0.38 per share in 2000) to shareholders whose names appear on the Register of Members of the Company on 18th October, 2001. The dividend will be paid on 19th October, 2001.

## BUSINESS REVIEW

### 1. Projects Completed in the First Half Year of 2001 :

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
No. 1 Star Street	The Remaining Portion of Section A of Inland Lot No. 2837	9,320	100%
Villa Esplanada Phase III	Tsing Yi Town Lot No. 129	79,640	22.5%
The Metropolis Hotel, Shopping Arcade and Office Tower	Kowloon Inland Lot No. 11077	97,180	Joint Venture
University Court	Section A of New Kowloon Inland Lot No. 2491	4,072	100%
Beijing Oriental Plaza Phase II Office Building	No. 1, East Chang An Ave., Dong Cheng District, Beijing	150,000	33.3775%

## 2. Projects Scheduled for Completion during the Second Half Year :

Name	Location	Total Gross Floor Area (sq. m.)	Group's Interest
Laguna Grande Laguna Verde	Kowloon Inland Lot No. 11056	121,280	Joint Venture
Ocean Vista Laguna Verde	Kowloon Inland Lot No. 11056	65,390	Joint Venture
Harbourfront Landmark	Kowloon Inland Lot No. 11055	62,460	50%
Beijing Oriental Plaza Phase III Office Building, Hotel and Serviced Apartments	No. 1, East Chang An Ave., Dong Cheng District, Beijing	178,000	33.3775%

## 3. New Acquisitions and Joint Developments and other Major Events :

- (1) In March 2001, an associated company in which the Group has a 33.33% interest was awarded the tender for Land Parcel A (comprising Land Parcels A1 and A2) at Marina Boulevard, Singapore to be developed for commercial purposes. With a total site area of approximately 15,600 sq. m. and a developable gross floor area of approximately 152,000 sq. m., the proposed project is scheduled for completion in 2005.
- (2) In May 2001, the Group as developer obtained approval from the Town Planning Board for the planning application for the development of Junk Bay Town Lot No. 1 sB and the remaining portion, Shek Kok Road. The site has an area of approximately 19,480 sq. m. and is planned for a residential development comprising a total developable gross floor area of approximately 97,400 sq. m. Lease modification is in progress.

- (3) In May 2001, the Group executed the land grant with the Government in respect of Lot No. 815 in DD 110, Shek Kong, Yuen Long. Earmarked for a residential development with a total developable gross floor area of approximately 10,300 sq. m., the site has an area of about 25,800 sq. m.
- (4) In July 2001, the Group reached an agreement with the Government for the land grant of Inland Lot No. 8972, Tiger Balm Garden, Tai Hang for residential purposes. The site area is approximately 7,230 sq. m. and the developable gross floor area is approximately 47,300 sq. m. Completion is scheduled for 2004.
- (5) In July 2001, approval from the Town Planning Board was obtained for the planning application for various lots in DD 379, Siu Sau Tsuen, Tuen Mun for residential purposes. The project, a joint venture between the Group and another developer, has a site area of about 26,000 sq. m. Further design and planning are underway.
- (6) During the period under review, the Group continued to acquire agricultural land with potential for development. Some of these sites are under varying stages of design and planning applications.
- (7) The Group's property projects in the Mainland are on schedule, both for sale and leasing.

#### **4. Major Associated Company :**

The associated Hutchison Whampoa Group recorded unaudited consolidated net profit after tax for the half year ended 30th June, 2001 of HK\$7,193 million (2000: HK\$31,126 million).

## PROSPECTS

Following its established strategies, the Group continues to strengthen its property business, venture into new technologies and embark on diversification and globalisation. These underlying principles of the Group's various initiatives have consolidated its sound foundations and will continue to guide it in the future.

- The Group targets to strengthen its established position in the property market with even stronger fundamentals for further growth. Following successive interest rate cuts and the improving purchasing power of flat buyers, the local property market is set for recovery. The Group continues to enhance its responsiveness to the market through its ongoing pursuit of innovation and perfection, which will position it well for the anticipated market upturn.

It has been the Group's policy to build up a sizable quality landbank by selective acquisitions of prime sites. Our existing landbank, comprising mainly of urban sites and agricultural land with prime locations and good potential for development, is sufficient to support our development in the next four or five years.

The Group will continue its efforts in enriching its quality portfolio of investment properties which is expected to expand significantly in the next few years. This is in line with the Group's policy to increase progressively the recurrent earnings base from its rental properties.

Good progress was reported for the Group's active foray into the Mainland and overseas property markets. The Group will continue to strengthen its presence in these markets by pursuing selective investments when appropriate opportunities arise. Building on its good reputation and experience in property development, the Group is positioned to develop further its property business based on the combined strengths of its local and overseas property portfolios.

- The Group is branching out into the new tech and hi-tech arena to capitalise on the synergies between its traditional businesses and new technologies. Active ventures have commenced in areas such as biotechnology, e-commerce and other Internet-related businesses following a disciplined approach to expansion. These businesses, usually long-term investments with low capital and high return, are expected to mature and provide profit contributions for the Group in one or two years. The Group's enterprising corporate culture, coupled with its professional team of hi-tech experts, efficient management and strong financial capabilities, will enable the Group to gain first-mover advantage in this exciting era led by knowledge and new technologies.
- The Group's initiatives for diversification and globalisation have continued. Riding on the solid progress of Hutchison Whampoa's strategic investments, the Group continues to build up and strengthen its quality assets around the globe, creating better value for its shareholders.

The drop in total profit of the Hutchison Whampoa Group for the first-half of the year was attributable to the provision made against the fall in share prices of telecommunications companies in which it has interests according to its prudent accounting policy. Momentum of business growth was maintained both locally and overseas, with solid performances recorded for all of its core businesses. Start-up operations such as the 3G mobile services are being tightly managed under the discipline of cost rationalisation and controlled expansion. While these businesses are currently at an investment stage, they are poised to become important earnings generators for the Group when they mature in the next two or three years. The Hutchison Whampoa Group is in an enviable position to meet the challenges and opportunities ahead supported by its strong financial foundation.

The Cheung Kong Group has been prudent in financial management and allocation of assets and talents. With the shareholders' interest in mind, the Group always strives to maintain its financial flexibility with substantial cash reserves in order to capture attractive investments at the right time and appropriate prices. The Group is focused on enhancing further its competitive edge in the fast-changing global arena. This vision is shared by all of its business divisions which are alert to the latest trends and are committed to strengthening their existing base while exploring new business opportunities. The dynamism and vitality that power the solid growth of the Group will continue to drive it forward in the years to come.

The global economic slowdown will inevitably have an impact on the recovery of Hong Kong's economy. However, I look forward to the long term economic prospects of Hong Kong and the Mainland with confidence and high expectations. The Greater China region is poised to exhibit increased vitality and will benefit from tremendous investment opportunities given China's continuing strong economic growth, its impending entry to the WTO and the hosting of the Olympic Games. The Cheung Kong Group will continue to be based in Hong Kong, the home base from which it thrives and excels as it continues to seek suitable expansion opportunities globally.

Our innovative and dedicated staff have been a major force supporting our solid growth. I take this opportunity to extend my thanks to our colleagues on the Board and the staff members of the Group for their hard work, loyal service and continuing support during the period.

**Li Ka-shing**

Chairman

Hong Kong, 23rd August, 2001